TECHNICAL STANDARDS AND SAFETY AUTHORITY

2007/2008 Annual Report

Committed to Public Safety and Demonstrating Results

TECHNICAL STANDARDS & SAFETY AUTHORITY

TSSA

Overview

Technical Standards and Safety Authority (TSSA) is an innovative, self-funded non-government organization dedicated to enhancing public safety. Created in 1996 as a not-for-profit, delegated administrative authority, it administers and enforces public safety laws in Ontario under the *Technical Standards and Safety Act, 2000* and associated regulations in designated industry sectors such as amusement devices, boilers and pressure vessels, elevating devices, fuels, operating engineers, ski lifts, and upholstered and stuffed articles. The Ministry of Government and Consumer Services* (MGCS) retains authority for the *Technical Standards and Safety Act, 2000* and associated regulations, is responsible for setting public safety standards and policy, overseeing delivery, and monitoring TSSA's performance against its contractual obligations to the Ministry. TSSA can also engage in other services that do not detract from or conflict with its delegated responsibilities.

The organization's range of safety services include public education and consumer information, certification, licensing and registration, engineering design review, inspections, investigations, safety management consultation, and enforcement and prosecution activities. TSSA employs in excess of 360 staff, approximately 70 percent of whom work in operations.

In collaboration with partners in industry, government, advisory councils and the public, TSSA strives for zero serious injuries and fatalities in its regulated sectors. Through its commitment to creating a work environment that is conducive to high morale and performance for its employees, and service excellence for its customers, TSSA is progressing toward achieving its vision of becoming the world leader in public safety services.

Mandate

To achieve positive safety outcomes.

Vision

To be the world leader in public safety services.

Mission

TSSA's mission is to enhance public safety.

To this end:

- TSSA's passion is to make people's lives better by putting public safety first;
- TSSA is determined to understand the needs of its customers and partners, and together deliver effective, efficient and innovative risk-informed safety solutions; and
- TSSA is committed to a culture of personal growth and recognition, teamwork, leadership and accountability.

Values

Leadership
Be the best in actions and words.

Integrity
Be honest and ethical.

Respect
Build trust and earn respect.

Accountability
Be responsible for all actions and deliver on commitments.

Communication
Be an effective and efficient communicator, and an active listener.

Teamwork
Work together, respect individuals and celebrate success.

* Effective July 9, 2008, the Ministry of Small Business and Consumer Services assumed the responsibilities from MGCS with respect to all the delegated administrative authorities, including TSSA.

Fiscal Year 2007/2008 Performance Highlights

Over the course of the fiscal year 2007/2008, TSSA completed numerous specific safety initiatives and advanced its strategic priorities. Notable examples include:

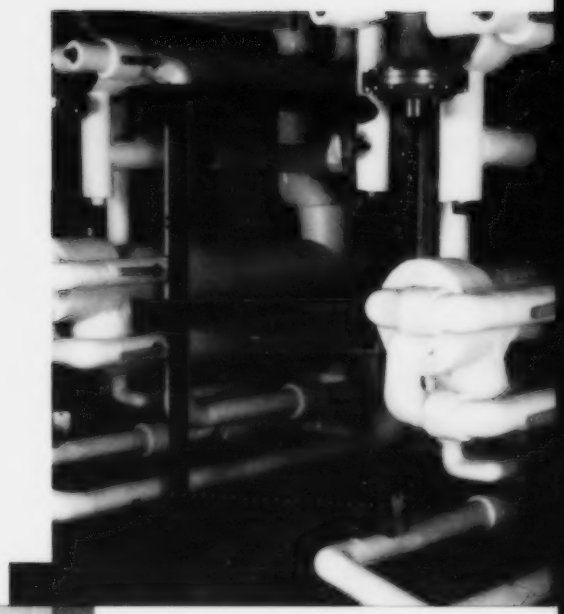
- evolution of TSSA's **risk-informed decision-making (RIDM)** initiative with use of a new innovative safety metric and enhanced incident management system for quantitative measures, more strategic resource allocation and critical risk analysis;
- implementation of a **business process re-engineering** initiative to improve key business processes and enable more efficient and effective service delivery;
- achievement of **positive sustainable savings** enabling further investment in the Safety System® and no fee increases;
- development of a **knowledge management framework**, competency matrix for management and quality audits of engineering review processes to ensure consistency, skill and professionalism in support of public safety;
- enhancement of **public education initiatives** with quantitative research on key drivers for public safety behaviours, gaining insight into risk perception, learning styles and approaches to risk management; and
- ongoing pursuit of **timely, responsive customer service**, earning positive satisfaction results through improved internal processes and higher quality communications.

Cover: **Don Cowie**, TSSA Power Plant Inspector, Operating Engineers

Nanticoke Generating Station Control Room – Ontario Power Generation

Technical Standards and Safety Authority

2007/2008 Annual Report



Contents

2 A Message from the Chair

3 Reporting and Corporate Oversight

4 A Message from the President and CEO

6 A Year in Review

10 Fiscal Year 2008/2009 Outlook

11 Management's Discussion and Analysis

14 Management Responsibility for Financial Reporting

15 Auditors' Report

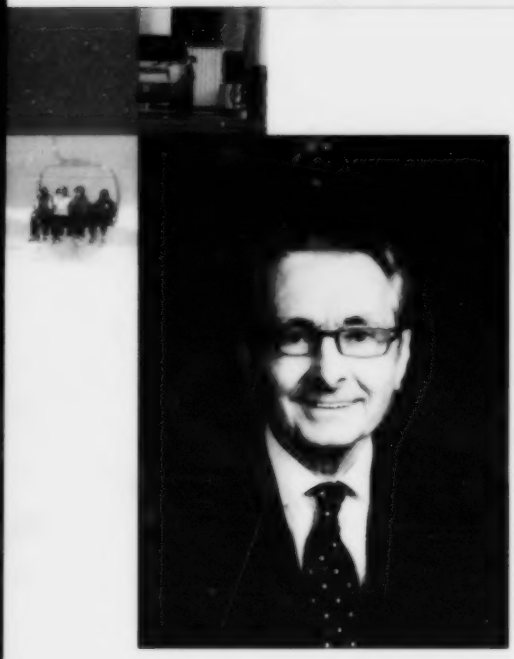
16 Financial Statements

19 Notes to Financial Statements

22 Corporate Information

26 Appendix 1 – Corporate Balanced Scorecard Fiscal Year 2007/2008 – Performance Assessment

Effective Corporate Governance through Continuous Improvement



Looking back over the past fiscal year, TSSA and its Board of Directors have made marked progress along our evolutionary path from good-to-better-to-best, confirming our passionate commitment to public safety and our continuing journey to improved safety service delivery.

Let me recount a few of the accomplishments in fiscal year 2007/2008 to illustrate how the Board works as a cohesive team providing guidance and corporate oversight, encouraging best practices and approving strategic direction for the organization.

During the last year, we restructured the Board from 18 to 13 Directors and reduced the number of Board committees from three to two. I am pleased to report that thanks to the professionalism and dedication of our Directors and effective support we received from management, the transition to a smaller, more agile Board went well. This realignment is consistent with our overarching philosophy of continuous improvement and drive to a more strategic Board.

The two Board committees, the Governance and Human Resources Committee, and the Audit, Finance and Risk Committee, have more streamlined and focused terms of reference to help us concentrate on corporate strategy, governance and maintaining effective balance of skills and leadership talent among the Directors. As we consider talent management at the Board level being just as important as people development and succession planning for the staff and management, we have embarked on a succession process for the position of the Chair. We plan to elect this fall, one year in advance of the end of my term, a Vice-Chair who will work with me during the coming year and become Chair after the next year's annual meeting. We expect this arrangement will allow for a year of mentoring and smooth transition.

Over the course of the year, the Board encouraged and strongly supported management in their effort to advance risk-informed decision-making, a scientific, evidence-based way of making more effective safety decisions, which will enable the organization to attain the next level in the evolution of an integrated and predictive approach to safety risk management. I believe that such evolution will help TSSA better understand the complexities of safety risks, develop more effective preventative or mitigating strategies and target resources where they will have the greatest impact to fulfill our mandate of improving public safety. Meeting these ambitious objectives will require concentrated effort of the TSSA staff, the safety experts who keep a keen, vigilant eye on the province, seeking better ways to ensure greater public safety. Our Board's role is to ensure that such a dedicated team is in place and has the resources to do their job.

As in previous years, we sought improvements in our governance practices by conducting the annual performance evaluation of the Board, its committees and individual directors by an external consultant. While the results showed improvements in most areas over the last year and compared TSSA favourably with best practices and comparable organizations, they also identified some opportunities for improvement which we will be pursuing in the coming year.

With the momentum that we have developed over the past twelve months and with each employee and Board member embracing the core corporate values of leadership, respect, integrity, accountability, communication and teamwork, I remain confident that TSSA will continue to make a significant contribution to public safety in Ontario.

Rudy Riedl
Chair, Board of Directors

Reporting and Corporate Oversight

TSSA actively pursues a best practices approach to corporate governance and corporate disclosure. TSSA is committed to the principles of transparency and accountability in all aspects of its operations.

TSSA's Board of Directors is responsible for promoting the stewardship of the organization, including promoting sound corporate governance practices. The Board provides oversight of the organization and takes a leading role in the establishment of the organization's strategic direction. The Board and senior management team monitor emerging governance best practices, with a view to adopting those that would best serve to improve and enhance TSSA's governance regime.

Among its key responsibilities, the Board:

- regularly reviews with management the strategic environment, the emergence of new risks and opportunities, and the implications for TSSA's strategic direction;
- approves strategic plans that take into account TSSA's major risks and opportunities, and oversees management of those risks;
- appoints, coaches, monitors and assesses the performance of the President and Chief Executive Officer;
- charges the President and Chief Executive Officer of the organization with the general management and direction of the business and affairs of the organization;
- oversees the appointment, training, monitoring and succession planning for senior management;
- monitors the external communications, including public disclosures, of the organization;
- monitors the integrity of the organization's internal control and management information systems; and
- approves the business plan and budget and ensures the integrity of the organization's reported financial performance.

Demonstrating clear strengths in Board and Committee charters, mandates and work plans, TSSA continued its leading practices in performance reporting, including illumination of non-financial activities, outcomes and results, and further implemented best practices with regard to Board composition and committee restructuring.

This year's annual review of corporate governance conducted by an external consultant, Brown Governance Inc., reported TSSA's Board of Directors had a very successful year, improving in two-thirds of the measures over last fiscal year. Taking best practices and greater efficiency very seriously, TSSA will continue to pursue strong corporate disclosure and governance, reaffirming its high-level commitment to accountability and transparency.

A Year of Progress

When we undertook a current situational analysis for strategic planning purposes near the end of the fiscal year, I was struck by the number of very significant accomplishments realized over the course of the year, including the advancement of some initiatives that began in prior years. In my opinion, these accomplishments, in terms of both their number and significance, are notable and have been very well received by our employees, advisory councils, in some cases industry overall, as well as MGCS. Most significantly, none of these accomplishments are the result of the efforts of a single individual or one team. They are the result of effective teamwork both within TSSA and with our industry partners. It is through such successful efforts and partnerships that we continue to enhance safety outcomes.

In 2007/2008, from a safety outcomes perspective, we evolved our approach to risk management through the RIDM initiative. This enabled us to pilot an innovative safety metric that can quantitatively demonstrate safety impacts in the form of the disability adjusted life years (DALY) indicator. DALY has the capacity to measure health impacts in a reactive and predictive manner, enabling us to strive for zero serious injuries and fatalities. By significantly enhancing our performance reporting process, we have met and exceeded MGCS's requirements in this regard. In addition, we can now utilize quantitative safety compliance and outcomes information to more effectively manage safety performance and dedicate limited resources to the highest impact areas. This information is enabling us to significantly improve safety decision making.

Recognizing that high levels of compliance correlate to enhanced safety outcomes, we started the review of our existing compliance model. In this regard, we consulted with a number of our industry partners with respect to improving compliance and leveling th playing field. This work will continue in fiscal year 2008/2009.

From a high performing team perspective, we filled all new and open operational

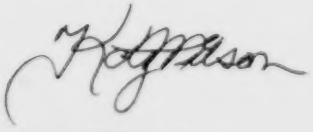
positions, including the 12 elevating devices inspector positions we targeted as necessary to effectively discharge our safety inspections responsibilities in this industry sector. We accomplished this despite a progressively tightening labour market. In addition, we take great pride in being able to retain the excellent people that are already a part of our team and, as such, we were very pleased with our corporate voluntary turnover rate of 3.36% for the year. This number is substantially below the national average and past TSSA experience.

From a customer relationship excellence perspective, our ever-strengthening relations with MGCS have met with ongoing positive feedback, including a letter received from the Minister, congratulating TSSA on another successful year of operation. We have also continued to strengthen our relations with industry and advisory councils. While this will continue to be an area of focus, we are encouraged by the positive feedback we are receiving. Recognizing the importance of understanding our customers' expectations, needs and values, we continued to measure customer satisfaction. The directional improvements noted again this year in key business processes reinforce that our commitment to continuous improvement is resulting in positive outcomes.

From an organizational excellence perspective, we have made further improvements in the strategic and business planning processes. Our fiscal year 2008/2009 business plan has a stronger focus on our core business – safety services. It also incorporates enhanced performance metrics. During the year, we also began the implementation of our new Oracle information system. When fully implemented, the system will better serve business and customer needs, and enable cost and organizational efficiencies. We have continued to drive down costs significantly through positive, sustainable savings, and delivered solid financial performance. We are going into fiscal year 2008/2009 as our third year of no fee increases in any of the program areas, despite significant investments in our Safety System©, the addition of necessary operations staff, and absorption of inflationary, salary and other cost increases.

As illustrated by the foregoing, we have made considerable progress along our evolutionary path of good-to-better-to-best towards our vision of being the world leader in public safety services. It has been a very busy, productive and successful year. To reiterate, it is also gratifying to note that not a single accomplishment listed above has been the result of the efforts of a single individual or a single team. Rather, they demonstrate the difference we can make when we work collaboratively as a team, both within TSSA and with our industry partners.

In a manner consistent with our corporate values of leadership, integrity, respect, accountability, teamwork and communication, we will work toward further positive progress and evolution in fiscal year 2008/2009.



Kathy Milsom, PEng
President and Chief Executive Officer

A Year in Review

Every year, TSSA examines its performance and gains insight from its successes and shortcomings, informing TSSA's strategy to ensure continual progress in the interest of public safety. Fiscal year 2007/2008 was no exception.

TSSA made notable progress in further application of its RIDM model, gaining quantitative safety data from its incident management system and piloting an innovative safety metric, DALY, to demonstrate a burden of injury associated with incidents. The pilots in the Fuels Safety, and Elevating Devices and Amusement Devices Safety Programs effectively informed risk analysis and critical resource allocation.

In addition, over the past fiscal year TSSA also:

- made considerable progress in the implementation of its new information system by completing those modules identified in year-one of the project plan;
- saw improvements in satisfaction levels – identified in customer surveys;
- validated incident data integrity with an error rate that is insignificant;
- developed smart business processes with increased time allocated to core responsibilities; and
- demonstrated further fiscal responsibility, resulting in additional positive sustainable savings that enabled investments in the Safety System[®] and no fee increases for the third year in any program area.

Utilizing RIDM to make sound, evidence-based public safety decisions, TSSA conducted root-cause analysis of incidents. TSSA also formed risk reduction groups with industry experts and continued to implement sound risk management principles in all program areas. TSSA additionally delivered tailored training to enhance safety knowledge for a wide-range of industry professionals, including amusement device consultants, operating engineers, piping contractors, property managers, and welding and repair technicians.

Further enhancing public education and communication initiatives, TSSA partnered with:

- the Office of the Fire Marshal Ontario for seasonal safety campaigns such as *SummerSmart* and *AutumnWatch*;
- the Ontario Snow Resorts Association (OSRA) for TSSA's *WinterWise* program;
- the Toronto Transit Commission and Oxford Properties for *Move with the Grooves* escalator safety; and
- the Ontario Regional Chapter of the Common Ground Alliance (ORCGA) for best practices in utility infrastructure and pipeline safety.

Recognizing the importance of user behaviour, TSSA conducted quantitative research on user behaviour, gaining insight into risk perception, learning styles and approaches to risk management for development of a behavioural metric and furthering public education strategies.

Through additional activities such as ongoing code development and professional workshops with various industry representatives and stakeholders, TSSA pursued improvements to safety standards.

Committed to customer relationship excellence and continual improvement in service delivery, TSSA recognizes the importance of understanding customers' expectations, needs and values, and, as such continues to formally measure customer satisfaction. During fiscal year 2007/2008 TSSA completed an extensive customer satisfaction survey to measure overall satisfaction and provide direction for continuous improvement. Highlights of the research conducted include TSSA

achieving positive satisfaction results through improved internal processes and high quality communications. A summary report on TSSA's customer satisfaction research results and its strategy to address the findings can be accessed through TSSA's website, www.tssa.org.

Celebrating its third year of operation, the Customer Contact Centre tracked over 89,000 contacts. Customers continue to give the Customer Contact Centre positive scores across all attributes including top scores for being courteous and professional (90%), being knowledgeable (87%) and being understanding of customer needs (84%) — reinforcing TSSA's strategic commitment to customer relationship excellence.

In support of a high performing team, TSSA established resourcing plans to deliver effective safety services to support growth, and developed a new competency matrix for the performance management process.

TSSA's balanced scorecard, found on pages 26 to 28 of this report, provides more detailed information regarding fiscal year 2007/2008 goals and corresponding achievements in positive safety outcomes, and with respect to the organization's strategic priorities of high performing team, organizational excellence, customer relationship excellence, strategic growth, and financial performance. A few highlights for the various program areas follow.

Boilers and Pressure Vessels

TSSA is responsible for regulating all pressure retaining components manufactured or used in Ontario, with a commitment to ensuring the safety of boilers, pressure vessels and piping systems.

Highlights from the fiscal year 2007/2008 include:

- utilizing a risk-informed inspection model to best direct resources to higher risk areas and enhance public safety;
- conducting successful failure mode and effect analysis on pressure relief valves;
- assisting industry in the use of new carbon dioxide refrigerant technology for grocery retail outlets, gaining public safety and environmental benefits; and
- ongoing code development and safety requirements for new nuclear power plant construction, portable tank requirements in the transportation of dangerous goods in accordance with United Nations standards, and further enhancements to nuclear seismic qualification of components.

Operating (Power) Engineering

TSSA examines and certifies over 13,000 operating (power) engineers and operators to confirm their qualifications. In addition, TSSA's operating engineering inspectors conduct initial and periodic inspections at power plants to ensure they are registered, operating safely and in compliance with safety regulations.

Highlights from the fiscal year 2007/2008 include:

- issuing over 4,000 directives related to non-compliances with safety regulations to further mitigate risk;
- utilizing a risk-informed inspection model to best direct resources to higher risk areas and enhance public safety;
- working with stakeholders to draft updated regulations, with a goal of improving plant and worker safety; and
- continuing proactive communications such as *How Safe Is Your Plant?*, reinforcing safe and effective operations.

Elevating Devices

TSSA is responsible for regulating the safety of more than 48,000 elevating devices in Ontario. These devices include elevators, escalators, moving walks, lifts for persons with physical disabilities, passenger ropeways, construction hoists and ski lifts.

Highlights from the fiscal year 2007/2008 include:

- issuing over 64,000 directives related to non-compliances with safety regulations to further mitigate risk;
- utilizing a risk-informed inspection model to best direct resources to higher risk areas and enhance public safety;
- conducting failure mode and effect analysis on hydraulic elevators with single bulk-head cylinders;
- implementing an enhanced incident management system to increase data validity, investigation analysis and utilization of risk-informed criteria;
- issuing Director's Orders to require additional maintenance on Montgomery HR escalator DC brakes, update alteration requirements in accordance with the new harmonized North American elevator/escalator code, adopt new requirements for control systems on construction hoists, and advise building owners and contractors of the beneficial aspects of voluntary reporting of compliance;
- training and testing of TSSA inspectors and engineers with qualification certification from the National Association of Elevator Safety Authority (NAESA) and the American Society of Mechanical Engineers (ASME);
- continuing to hire, train and support new inspectors for a stronger inspection team and a broader approach to safety;
- delivering escalator safety messages to approximately 1.8 million retail customers through partnership with Oxford Properties and over 250,000 targeted seniors through coverage in Forever Young Canada magazine;
- enhancing partnerships and public education through TSSA's *Look, Load & Lower* campaign with OSRA and other ski industry stakeholders, raising rider responsibility and safety awareness; and
- continuing to reinforce the ageing ski lift safety initiative to replace older lifts with new technology supporting enhanced safety features.

TSSA conducted over

54,000

planned and responsive inspections.

Amusement Devices

TSSA is responsible for regulating the safety of all amusement rides in Ontario. These devices include roller coasters, Ferris wheels, go-karts, inflatables and water slides. Ride operators must also be licensed and are responsible for the safe and proper set-up, maintenance and operation of all rides.

Highlights from fiscal year 2007/2008 include:

- issuing over 2,700 directives related to non-compliances with safety regulations to further mitigate risk;
- utilizing a risk-informed inspection model to best direct resources to higher risk areas and enhance public safety;
- conducting failure mode and effect analysis, and risk assessment on potential head trauma hazards at go-kart facilities, to support effective policy decision making;
- implementing an enhanced incident management system to increase data validity, investigation analysis and utilization of risk-informed criteria;
- enhancing partnerships with major event organizers and industry associations such as the Ontario Association of Agricultural Societies, the Ontario Recreational Facilities Association and Festivals and Events Ontario, delivering presentations on how to run a safe event with amusement devices;
- delivering TSSA's successful two-pronged education campaign aimed at users, raising rider responsibility, and operators, raising safety awareness, at special events, national fairs and numerous waterslide and go-kart parks;
- continuing technical seminars for engineers, inspectors and operators; and
- working with other provincial jurisdictions on the development of a national database on amusement device incidents.

Fuels

TSSA provides fuel-related safety services associated with the safe transportation, storage, handling and use of fuels such as fuel oil, gasoline, diesel, propane, natural gas, butane, digester and landfill gas, and hydrogen. TSSA delivers programs and services that regulate the safe use of motor and energy fuels for private, industrial and commercial uses in Ontario.

TSSA regulates fuel suppliers, storage facilities, transport trucks, pipelines, contractors and their certified employees, and equipment or appliances that use fuels, including residential appliances.

Highlights from the fiscal year 2007/2008 include:

- issuing over 23,000 directives related to non-compliances with safety regulations to further mitigate risk;
- utilizing a risk-informed inspection model to best direct resources and enhance public safety;
- conducting successful failure mode and effect analysis on natural draft residential boilers and Honeywell gas furnace valves;
- supporting ORCGA to identify ways to further prevent pipeline hits, expand the locator certificate course, publish new industry best practices, and deliver education seminars across Ontario;
- working with industry experts to adopt and/or revise the *Ontario Fuel Oil Code*, the *Liquid Fuels Handling Code*, the *2007 Supplement to the National Propane and Storage Handling Code*, the *Environmental Management Protocol for Operating Fuel Handling Facilities*, and the *Canadian Hydrogen Installation Code*;
- issuing Director's Orders to require upgrade training for petroleum technicians, address testing requirements for outdoor fuel oil tanks, prohibit the unsafe use of various Tirino Corporation fuel-fired units labeled without authorization, and require mandatory inspections on residential natural gas and propane-fired natural draft boilers;
- championing carbon monoxide awareness and other fuel-safety topics through TSSA's public education program and key industry partners such as the Office of the Fire Marshal Ontario; and
- continuing to implement the equipment deficiency program to significantly reduce incidents resulting from equipment failure, improving the safety of residential appliances.

Upholstered and Stuffed Articles

TSSA protects the public from potential hazards associated with the use of unclean or unsafe materials in upholstered and stuffed articles in Ontario, ensuring such items are properly labeled and filling materials are disclosed to the public. In addition to promoting safety, TSSA's aim is to protect consumers against fraud and misrepresentation of upholstered and stuffed articles, and to provide a level playing field for the industry.

Highlights of the fiscal year 2007/2008 include:

- issuing over 11,000 directives related to non-compliance with safety regulations to further mitigate risk;

- continuing to monitor the bedding and furniture industry to ensure rusty coils and other components are not being used at point-of-manufacturing;
- conducting information sessions to provide a clearer understanding of up-to-date regulations and compliance requirements; and
- utilizing ultraviolet technology to further enhance the efficiency and effectiveness of its safety inspections.

Enforcement Activity

TSSA has a progressive discipline enforcement policy. It applies a variety of enforcement options dependent on the nature of the violation and the past conduct of the offender.

TSSA continues to strive for a high level of compliance in the industries it regulates by targeting enforcement resources in conjunction with its risk management strategy.

Prosecutions are one high-profile enforcement activity used by TSSA. In 2007/2008, TSSA pursued 26 prosecutions. In addition, TSSA uses a variety of other tools including targeted education programs, legal orders and licence revocation. The choice of enforcement action will be appropriate for and escalate with the nature of the violation.

Customer Contact

TSSA is committed to delivering customer relationship excellence through the effective handling of customer contacts and issues management.

TSSA's customer service approach includes:

- encouraging an organizational culture that welcomes feedback as an opportunity to improve services;
- empowering staff to resolve issues on the first contact; and
- conducting root-cause analysis on feedback to improve business processes, communication and service delivery.

TSSA's Customer Contact Centre is the central point of contact for customers. The Centre provides knowledgeable and timely answers to most common concerns and enquiries.

During fiscal year 2007/2008, the Customer Contact Centre tracked over 89,000 contacts initiated by telephone, email and in person. Seventy-seven percent of all enquiries were related to accounts receivables, and licensing, registration and certification services.

The Customer Contact Centre now handles most first points of contact for public information requests and technical enquiries to further enhance responsiveness. Any enquiries that cannot be answered by a Customer Services Advisor directly are escalated to technical resources that are qualified to handle more complicated or technical issues. From the 2007/2008 year end results, the Customer Contact Centre's overall response time to technical enquiries improved by 23%.

Issues Management

TSSA defines complaints as an expression of dissatisfaction with respect to services it provides, actions of its staff or the complaint process itself. Based on this definition, TSSA tracked a total of 209 complaints during fiscal year 2007/2008, or less than half a percent of all contacts. It should be noted that this total includes cases where the customer may not have specifically identified their enquiry as a complaint; however, it was deemed to fall within the scope of TSSA's definition. TSSA will continue to strive toward improving processes and service delivery as a way to increase customer satisfaction and improve safety outcomes in Ontario.

While the preceding proactive process hopes to eliminate or mitigate complaints, TSSA addresses complaints at the level they are raised. Should the matter require further attention, the complaint is escalated to more senior personnel, up to and including statutory directors or the President and CEO.

French Language Services

Consistent with its *French Language Services Policy*, TSSA responded to all requests for French services during the year. TSSA continues to monitor requests for services in French to determine the appropriate level of service to meet public safety and customer service needs.

The aforementioned achievements in 2007/2008 represent TSSA's ongoing commitment to industry, government and the public, improving performance with the goal of greater safety for all.

TSSA's Customer Contact Centre managed over

89,000

interactions.

TSSA reached over

2,900,000

Ontario residents through public safety awareness campaigns.

Fiscal Year 2008/2009 Outlook

For fiscal year 2008/2009, TSSA has reconfirmed its mandate of positive safety outcomes and its four strategic priorities of:

- organizational excellence;
- high performing team;
- customer relationship excellence; and
- strategic growth.

Building on past success while recognizing shortcomings and opportunities, TSSA is committed to further evolve as a fair, effective, credible provider of safety services with a vision of becoming the world leader in public safety services.

In the journey to zero serious injuries and fatalities, and the organization's philosophy of continuous improvement, TSSA will:

- further utilize RIDM to effectively manage risk through core activities;
- refine its innovative safety metric to quantitatively measure performance;
- propose regulatory improvements to safety regulations, incorporating principles of RIDM;
- enhance its behaviour modification strategy to increase an understanding of – and influence over – public safety decisions; and
- advocate solutions to the anticipated industry skills shortage.

Undertaking a comprehensive review of its compliance process, including an examination of available and alternative models, TSSA will ensure a robust, integrated approach to regulatory compliance further leveling the playing field.

Through innovation, smart processes and efficient structures, TSSA will continue to pursue organizational excellence, seeking to deliver the highest standards of service and value to its customers. In fiscal year 2008/2009, TSSA will continue to ensure data integrity, establish a productivity measure in the delivery of core safety services, and complete the implementation of its new information system. TSSA will also continue its commitment to achieve positive, sustainable savings wherever possible through improved services at reduced costs.

TSSA's relationship with customers remains a key component to improving safety outcomes. TSSA will continue to address key customer service drivers to attain measurable improvements in the top attributes of customer value. Actions will include enhanced communication, promoting greater safety awareness, and further public education initiatives through insight based on research findings, learning styles and approaches to risk management. By improving service, creating clear objectives, communicating openly and honestly, and providing recognition and respect, TSSA will continue to work toward customer relationship excellence, contributing to its mandate of positive safety outcomes.

With an unwavering commitment to a high performing team, TSSA will establish a benchmark for its employee engagement strategy, maintain progressive human resources programs, develop succession plans to support organizational stability, and further cultivate a results-driven culture. With further occupational heath and safety training and quality audits, TSSA will continue to demonstrate its commitment to the safety and well-being of all its employees.

Pursuing new business to more broadly influence safety, TSSA will look for opportunities to apply both its comprehensive Safety System®, as well as specific safety services. Seeking growth opportunities in a considered and measured manner, TSSA will further refine its strategies with consideration to organizational development, financial expectations, resource availability and customer needs.

A positive work environment with an empowered team working in partnership with industry will enable TSSA deliver on all its strategic priorities – and its mandate of positive safety outcomes.

Management's Discussion and Analysis

Management is committed to disclosing financial information that is fairly stated and appropriately demonstrates performance against plan. The financial focus during fiscal year 2007/2008 was on-going support to the strategic initiatives outlined in the year's business plan and improving financial processes in keeping with organizational excellence. Prudent spending remained an ongoing commitment.

Revenues

The following table shows the changes in revenue over the last year.

In keeping with the commitment to hold fee increases for fiscal years 2006/2007 through 2008/2009, the MGCS contract revenue of $43.6 million was in line with budget and $3.3 million greater than fiscal year 2006/2007 due to increased business volume. The reassessment and rationalization of the growth strategy in the non-MGCS contract business began last fiscal year and continued in the current year resulting in revised revenues of $3.4 million. The planned future growth in non-MGCS contract business in the coming year will continue to be primarily exploration of untapped opportunities in Ontario for additional delegations, and to respond to international opportunities that are a

Technical Standards and Safety Authority

STATEMENT OF INCOME AND EXPENSES

(in thousands of dollars)

Year ended April 30, 2008, with comparative figures for 2007

	2007/2008 Actual $'000	2007/2008 Budget $'000	2006/2007 Actual $'000
MGCS Contract*:			
Boilers and Pressure Vessels/Operating Engineers Revenue	**10,842**	**11,775**	10,277
Elevating Devices and Amusement Devices Revenue	**15,697**	**14,985**	14,023
Fuels Revenue	**13,988**	**14,187**	13,102
Upholstered and Stuffed Articles Revenue	**3,070**	**2,717**	2,848
Revenue	**43,597**	**43,664**	40,250
Expenses	**42,642**	**43,796**	38,864
Net Margin Before Strategic Initiatives	**955**	**(132)**	1,386
Strategic Initiatives Investment	**1,970**	**3,059**	700
Net Margin	**(1,015)**	**(3,191)**	687
Non MGCS Contract:			
Revenue	**3,436**	**3,715**	4,098
Expenses	**3,332**	**3,467**	4,041
Net Margin	**104**	**249**	57
Total TSSA:			
Revenue	**47,033**	**47,379**	44,348
Expenses	**45,974**	**47,263**	42,905
Net Margin Before Strategic Initiatives	**1,059**	**117**	1,443
Strategic Initiatives Investment	**1,970**	**3,059**	700
Net Margin	**(911)**	**(2,942)**	744

* The Ontario government, as represented by MGCS, has delegated the responsibility of administering the *Technical Standards and Safety Act, 2000* and the associated regulations to TSSA and these responsibilities have been defined as the MGCS contract.

strategic fit. Management continues to ensure MGCS contract business performance is reported separately and does not fund new business endeavours.

Operating Expenses

The organization continued to enhance operational excellence, including an ongoing commitment to positive sustainable savings that resulted in total operating expenses, including depreciation and strategic initiatives, being below budget by $2.4 million. The total operating expenses, including strategic initiatives investment, of $48 million was $4.3 million higher than the previous year, as planned, due to the strategic safety initiatives. These initiatives, which include implementation of the new information system, elevating devices staffing to address backlogs, risk-informed decision-making, and public education and communication initiatives, were budgeted in the fiscal year at $3.1 million with actual spending being $2 million. Spending on some of these initiatives was lower than budget due to revised priorities and schedules, and they have been included in the fiscal year 2008/2009 budget for continuance.

A combination of achievement of positive, sustainable savings referenced previously, additional sources of unanticipated revenue and certain expenditure deferrals, resulted in a fiscal year loss of approximately $0.9 million, instead of the budgeted loss of $2.9 million.

Included in the operating expenses are the following amounts relating to the consultants that provide advice to TSSA in the areas of audit and compensation.

Net Margin

TSSA recognizes that its ongoing existence requires its operations to be viable. As such, it expects to operate with an appropriate margin to generate long-term value. At present, 5% remains the targeted forward looking margin. Fiscal year 2007/2008 financial performance is intentionally less than this target and the previous year's performance of 1.7%, which is consistent with TSSA's strategy to not have increased fees in the fiscal year and continue strategic investments from reserves to enhance the Safety System®, and resultantly provide greater value for TSSA's regulated customers. The lower

Technical Standards and Safety Authority

ANALYSIS OF AUDIT AND COMPENSATION REVIEW EXPENSES

(in thousands of dollars)

Year ended April 30, 2008, with comparative figures for 2007

	2007/2008 Actual $'000	2006/2007 Actual $'000
Contracted internal audit services	**27**	26
External audit services:		
Annual audit	**57**	66
Other services	**0**	15
Compensation review services	**18**	7
	102	114

margin is also consistent with TSSA's strategic decision to avoid further increasing its reserve, as reported last fiscal year.

Capital Expenditures

Capital expenditure of $3.5 million was incurred to cover the information systems acquisition which spans two fiscal years and is expected to be complete in fiscal year 2008/2009. Management continues to ensure all capital investments fully support value to stakeholders and reflect the strategic objectives of the organization. The planned capital investment for the next three years is approximately $6.6 million which includes $2.7 million for completion of the information systems implementation in fiscal year 2008/2009 and infrastructure maintenance thereafter. Those are the investments that TSSA feels will equip the organization to continue providing quality service to its stakeholders and enhanced safety outcomes to Ontarians.

Net Assets

TSSA continues to maintain a strong financial position with net assets of $14.9 million of which $10.6 million represents a restricted reserve and $4.3 million is invested in capital assets. Major investment activity during the year continued to focus on short-term investments as in previous years to position the organization for planned strategic investments over the next three years, in support of the strategic plan. Future direction will be on longer term investments as the identified spending is incurred and this need is addressed.

The Future

In continuing its focus on safety, TSSA plans to invest $2.5 million in its Safety System™, including;

- continuing the implementation of the risk-informed decision-making initiative;
- researching and influencing user behaviours, and
- completing the implementation of its new information system.

TSSA will also continue with its commitment to achieving positive, sustainable savings, and as a result even with the substantial investments planned in the Safety System™, there are again no fee increases contemplated for existing services for the fiscal year 2008/2009.

TSSA's financial results are presented on the basis of generally accepted accounting principles with use of accounting policies that entail very limited uncertainties and subjectivity. Apart from the strategic initiatives identified in the published reports, there are no known operating trends, demands, commitments or events that are likely to have a material impact on future results of operations or financial condition.

Management Responsibility for Financial Reporting

The consolidated financial statements of TSSA have been prepared by management in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants.

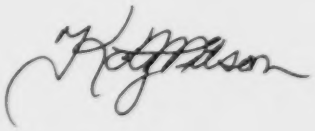
Management confirms that financial and management reporting systems include appropriate controls to provide reasonable assurance that the corporation's assets are safeguarded, to facilitate the preparation of relevant, reliable and timely financial information.

Where necessary, management uses judgment to make estimates required to ensure fair and consistent presentation of this information.

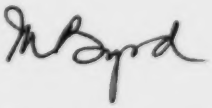
The Board of Directors of TSSA is composed of 13, one of whom, the President and CEO, is an employee of the organization. The Board of Directors has the responsibility to review and approve the financial statements, as well as overseeing management's performance of its financial reporting responsibilities. The Board of Directors has approved the financial statements contained herein.

The auditors are responsible for auditing the financial statements and have issued a report thereon.

All other financial and operating data included in the annual report are consistent, where appropriate, with information contained in the financial statements.



Kathy Milsom
President and Chief Executive Officer



Mervel Byrd-Raynor
Vice President, Finance and Chief Financial Officer

Auditors' Report

To the Members of Technical Standards and Safety Authority

We have audited the statement of financial position of Technical Standards and Safety Authority (TSSA) as at April 30, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of TSSA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of TSSA as at April 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Corporations Act* (Ontario), we report that, in our opinion, except for the change in the method of valuing investments, as explained in note 2 to the financial statements, these principles have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants,
Licensed Public Accountants

Toronto, Canada
May 23, 2008

Statement of Financial Position

(In thousands of dollars)
April 30, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash	**$ 1,916**	$ 4,283
Short-term investments (note 4)	**12,981**	13,964
Accounts receivable	**4,463**	4,297
Prepaid expenses	**1,435**	1,042
	20,795	23,586
Long-term investments (note 4)	**8,804**	7,125
Capital assets (note 5)	**4,332**	3,481
	$ 33,931	$ 34,192
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	**$ 8,794**	$ 8,701
Deferred revenue	**10,224**	9,667
	19,018	18,368
Net assets:		
Invested in capital assets	**4,332**	3,481
Internally restricted	**10,581**	11,435
Unrestricted	**–**	908
	14,913	15,824
Commitments and contingencies (note 6)		
	$ 33,931	**$** 34,192

See accompanying notes to financial statements.

On behalf of the Board:

Rudy Riedl
Chair of the Board of Directors

George Irwin
Chair of the Audit, Finance and Risk Committee

Statement of Operations

(In thousands of dollars)

Year ended April 30, 2008, with comparative figures for 2007

	2008	2007
Mandated revenue:		
Elevating devices and amusement devices	$ 15,697	$ 14,023
Fuels safety	13,988	13,102
Boiler and pressure vessels/operating engineers	10,842	10,277
Upholstered and stuffed articles	3,070	2,848
	43,597	40,250
Discretionary revenue	3,436	4,098
	47,033	44,348
Expenses:		
Salaries, wages and benefits	32,040	28,835
Operating	14,785	13,493
Amortization	1,119	1,276
	47,944	43,604
Excess (deficiency) of revenue over expenses	$ (911)	$ 744

Statement of Changes in Net Assets

(In thousands of dollars)

Year ended April 30, 2008, with comparative figures for 2007

	Invested in capital assets (note 7)	Internally restricted	Unrestricted	2008 Total	2007 Total
Net assets, beginning of year	$ 3,481	$ 11,435	$ 908	$ 15,824	$ 15,080
Excess (deficiency) of revenue over expenses	(1,119)	–	208	(911)	744
Investment in capital assets	1,970	–	(1,970)	–	–
Interfund transfer (note 10)	–	(854)	854	–	–
Net assets, end of year	$ 4,332	$ 10,581	$ –	$ 14,913	$ 15,824

See accompanying notes to financial statements.

Statement of Cash Flows

(In thousands of dollars)

Year ended April 30, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	**$ (911)**	$ 744
Amortization which does not involve cash	**1,119**	1,276
Change in non-cash operating working capital	**91**	659
	299	2,679
Investing activities:		
Short-term investments	**983**	(2,474)
Long-term investments	**(1,679)**	1,620
Acquisition of capital assets	**(1,970)**	(1,112)
	(2,666)	(1,966)
Increase (decrease) in cash	**(2,367)**	713
Cash, beginning of year	**4,283**	3,570
Cash, end of year	**$ 1,916**	$ 4,283
Supplemental cash flow information:		
Interest received	**$ 954**	$ 992

See accompanying notes to financial statements.

Notes to Financial Statements

(In thousands of dollars)
Year ended April 30, 2008

Technical Standards and Safety Authority (TSSA) is the designated administrative authority responsible for the administration of the *Technical Standards and Safety Act, 2000*, which officially became law in Ontario effective June 2001. The designation and delegation of responsibility is made under the authority of the *Safety and Consumer Statutes Administration Act, 1996* (the Act) of Ontario. TSSA's primary objective is to promote and undertake activities which enhance public safety, including training, certification, licensing, registration, audit, quality assurance, inspection, investigation, enforcement and other technical safety services. TSSA is incorporated under the *Corporations Act* (Ontario) as a corporation without share capital and is a not-for-profit organization under the *Income Tax Act* (Canada).

In addition to its mandated services, TSSA offers services to the federal government and undertakes other contracts that are not mandated. This revenue is categorized as discretionary revenue.

1. SIGNIFICANT ACCOUNTING POLICIES:

(a) Revenue recognition:
Revenue from the provision of inspection and engineering services is recorded when services are performed. Licensing, registration and certification fees are recognized evenly over the period covered by the fee. Unearned fees are recorded as deferred revenue.

(b) Investments:
Investments are classified as held-for-trading and carried at fair value.

(c) Capital assets:
Purchased capital assets are recorded at cost. Leases that transfer substantially all the benefits and risks of ownership are capitalized. Replacements are expensed in the year of replacement. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Business systems	20%
Equipment	25%
Furniture and fixtures	20%
Computer software	50%
Computer hardware	33%
Leasehold improvements	Remaining term of lease

Amortization of a capital asset commences when it is brought into service.

Contributed capital assets are recorded at fair value at the date of contribution.

(d) Use of estimates:
The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

2. CHANGE IN ACCOUNTING POLICY:

Effective May 1, 2007, TSSA adopted The *Canadian Institute of Chartered Accountants'* (CICA) *Handbook*, Section 3855, *Financial Instruments – Recognition and Measurement*, and Section 3861, *Financial Instruments – Disclosure and Presentation*. CICA Handbook Section 3855 establishes standards for recognizing and measuring financial instruments, including the accounting treatment for changes in fair value. The adoption of these recommendations did not have a significant impact on the financial statements.

TSSA has designated all of its cash and investments as held-for-trading and carries them at fair value. Accounts receivable are designated as loans and receivables and carried at amortized cost. Accounts payable are designated as other liabilities and carried at amortized cost.

The change has been applied on a retroactive basis without restatement. The 2007 investments are stated at the lower of cost and market value.

3. FUTURE ACCOUNTING CHANGES:

CICA has issued two new accounting standards on financial instruments that revise and enhance the current disclosure requirements but do not change the existing presentation requirements for financial instruments. These new standards will be effective for TSSA commencing May 1, 2008. The new disclosures will provide additional information on the nature and extent of risks arising from financial instruments to which TSSA is exposed and how it manages those risks.

4. INVESTMENTS:

(a) Short-term investments consist of bankers' acceptances and bonds, with yields between 3.25% and 5.70% (2007 – 2.40% and 6.46%), maturing prior to January 5, 2009 (2007 – December 20, 2007).

(b) Long-term investments consist of the following:

	2008		2007	
	Cost	**Market value**	Cost	Market value
Corporate bonds, with effective rates of 3.60% to 5.65%, maturing from June 1, 2009 to December 18, 2012 (2007 – September 4, 2008 to December 30, 2010)	**$ 8,742**	**$ 8,753**	$ 7,144	$ 7,071
Accrued interest	**51**	**51**	54	54
	$ 8,793	**$ 8,804**	$ 7,198	$ 7,125

TSSA holds fixed income securities which are subject to market risk, interest risk and cash flow risk. These risks will also impact future cash flow streams, including dividends, gains and losses and interest income.

The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities.

The value of securities denominated in a currency other than Canadian dollars will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

TSSA does not enter into any derivative instruments arrangements for hedging or speculative purposes.

5. CAPITAL ASSETS:

			2008	2007
	Cost	**Accumulated amortization**	**Net book value**	Net book value
Business systems	**$ 3,696**	**$ 1,808**	**$ 1,888**	$ 501
Equipment	**697**	**513**	**184**	264
Furniture and fixtures	**1,488**	**940**	**548**	845
Computer software	**702**	**690**	**12**	–
Computer hardware	**2,277**	**2,004**	**273**	272
Leasehold improvements	**1,935**	**508**	**1,427**	1,599
	$ 10,795	**$ 6,463**	**$ 4,332**	$ 3,481

6. COMMITMENTS AND CONTINGENCIES:

(a) Operating facility:

Under the terms of its banking agreement, TSSA has available a demand operating facility of up to $750. This facility bears interest at TSSA's bank's prime rate and is secured by a general security agreement over TSSA's assets and assignment of fire and business interruption insurance. As at April 30, 2008 and 2007, no amounts were drawn on the facility.

(b) Lease obligations:
TSSA leases office space, vehicles and equipment. Future minimum payments, by year and in the aggregate, under operating leases with initial or remaining terms of one year or more, consist of the following:

2009	$	1,655
2010		1,929
2011		1,672
2012		1,294
2013		1,029
Thereafter		3,115
Total minimum lease payments	$	10,692

(c) Litigations:
TSSA has been named as defendant in certain litigations alleging actual and punitive damages; however, it is management's belief that the ultimate outcome will not materially affect TSSA's financial position. Settlement, if any, will be accounted for during the period of resolution.

(d) Service contract:
Under the terms of a service contract, TSSA is required to carry certain insurance coverages for a 10-year period after the completion of services rendered under this contract.

(e) Letter of credit:
TSSA has a letter of credit for $500 outstanding, as a term and condition of a contract, with a rate of 0.5%. The letter of credit was due on May 11, 2008 and was subsequently renewed until May 11, 2009.

7. INVESTED IN CAPITAL ASSETS:

Change in net assets invested in capital assets is calculated as follows:

	2008	2007
Deficiency of revenue over expenses:		
Amortization of capital assets	**$ (1,119)**	$ (1,276)

Net change in invested in capital assets is as follows:

	2008	2007
Acquisition of capital assets	**$ 1,970**	$ 1,112

8. PENSION PLAN:

TSSA has established a defined contribution pension plan for its employees. Contributions by TSSA on account of current service pension costs paid and expensed amounted to $1,257 (2007 - $1,173).

9. INDEMNIFICATION OF DIRECTORS:

TSSA has indemnified its past, present and future directors against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding in which the directors are sued as a result of their service, if they acted honestly and in good faith with a view to the best interest of TSSA. The nature of the indemnity prevents TSSA from reasonably estimating the maximum exposure. TSSA has purchased directors' liability insurance with respect to this indemnification.

10. INTERFUND TRANSFER:

During the year, a transfer was made from the unrestricted reserve to utilize a portion of the restricted reserve in accordance with the intended purpose of the reserves.

The reserves were separated in the prior year on an approved Board resolution that separated the unrestricted reserve at the beginning of the fiscal year into a restricted reserve, which should not be less than 10% of annual operating expenses, to be held for contingencies, and an unrestricted reserve to be used to fund strategic safety investment initiatives, which would be reviewed by the Audit, Finance and Risk Committee and approved by the Board, and that both reserves would be reviewed annually to determine any transfers that should be made in order to maintain the 10% ratio in the restricted reserve.

Corporate Information

TSSA'S BOARD OF DIRECTORS

Front Row (L to R)

Judith Wolfson
Vice President, University Relations,
University of Toronto

Rudy Riedl, Chair
President, R.G. Riedl Consulting Inc.

Kathy Milsom
President and CEO, TSSA

Moshe Wertheim
President, Wertheim Consulting Inc.

Back Row (L to R)

Brian R. Lackey
Vice President, Strategic Planning and
Airport Development,
Greater Toronto Airports Authority

Donald Aronson
President, Aronson & Associates Inc.

Elizabeth Dowdeswell
founding President and CEO, Nuclear Waste
Management Organization

Robbie Shaw
President, IWK Health Centre Foundation

Robert Dowler
Corporate Chief Strategist,
Ontario Ministry of Government Services

Allan Kupcis
former Chairman, Canadian Nuclear Association

Robert Théberge
Public Affairs Advisor, Central Canada, Imperial Oil

George Irwin
Chairman and CEO, I-Toys Inc.

TSSA'S BOARD COMMITTEES

Standing Committees

TSSA requires all directors to be a member of one of the two standing committees: Audit, Finance and Risk, and Governance and Human Resources. The Governance and Human Resources Committee has specific composition requirements to include the Board Chair, and a Minister appointed director.

Audit, Finance and Risk

The Audit, Finance and Risk Committee assists the Board of Directors in fulfilling its responsibility for oversight of the quality and integrity of the accounting, auditing, and reporting practices of the organization. The Committee's role includes the oversight of:

- financial information provided to stakeholders and the Ontario government;
- organization's processes to manage public safety risk, business and financial risk;
- the review and recommendation of the organization's budgets; and
- compliance with applicable legal, ethical and regulatory requirements.

George Irwin, Chair
Elizabeth Dowdeswell, Member
Brian Lackey, Member
Robbie Shaw, Member
Robert Théberge, Member

Governance and Human Resources

The Governance and Human Resources Committee assists the Board of Directors in fulfilling its responsibilities with respect to:

- Board governance including Board ethics, performance, succession, education and development and policies, Board composition and recruitment;
- human resources including oversight of performance, compensation, succession, and occupational health and safety;
- leadership;
- corporate strategy; and
- communication and disclosure.

Allan Kupcis, Chair
Donald Aronson, Member
Robert Dowler, Member
Rudy Riedl, Member
Judith Wolfson, Member
Moshe Wertheim, Member

BOARD REMUNERATION

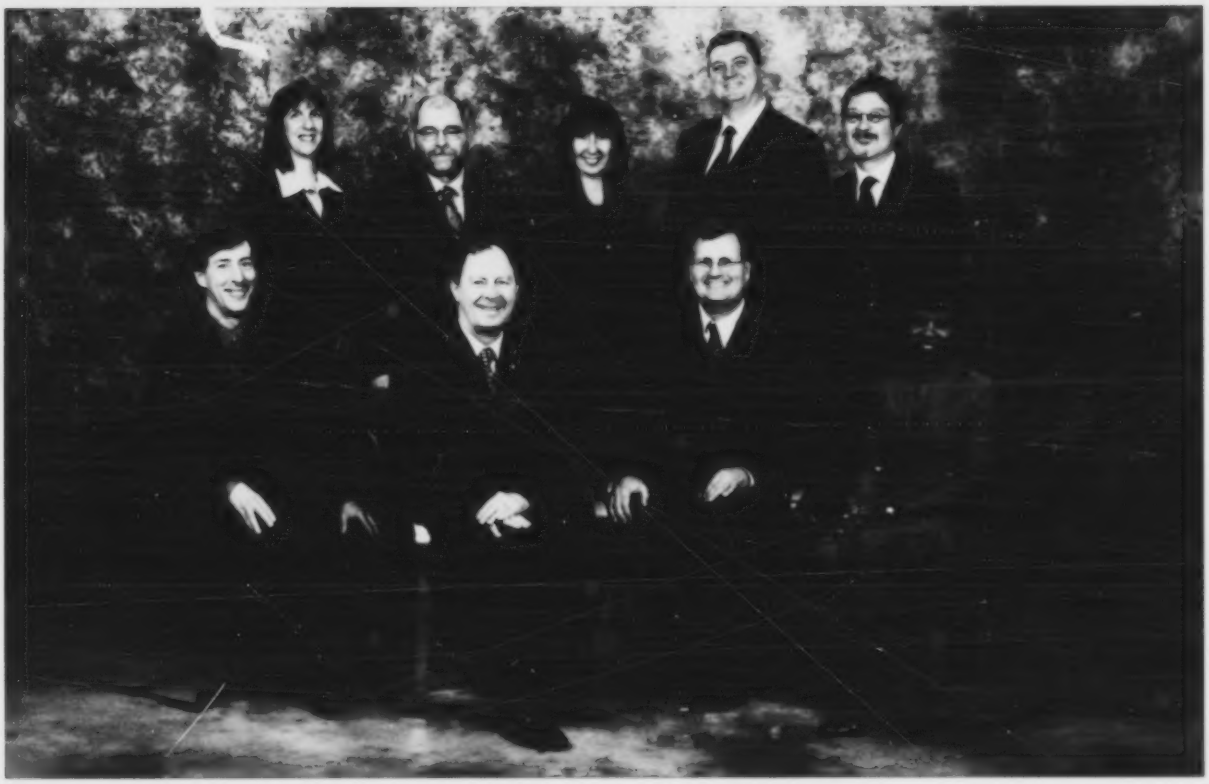
Members of the Board of Directors are remunerated in a manner that enables the organization to attract high calibre directors to support the organization's commitment to corporate governance excellence while remaining accountable to all stakeholders through transparent compensation practices that are fiscally prudent. With the aid of an external consultant, the levels of remuneration for the Board Chair, committee chairs and directors are established based on a combination of annual retainers and meeting fees. Director total compensation levels are triennially reviewed against industry comparators within crown corporations, and non-government regulatory organizations and associations. A blend of the market median of these comparators is utilized to establish compensation levels for retainers and meeting fees.

PAY POLICY

TSSA's compensation philosophy is to pay a competitive total compensation package in order to attract and retain exceptional resources in the industry while remaining accountable to all stakeholders through transparent compensation practices that are fiscally prudent.

Based on yearly market data collected by an external consulting firm, creating a blend from the public and private sectors, TSSA's pay policy provides base compensation at the median of market comparators utilizing Greater Toronto Area comparators for all non-executive employees and national data for the executive group. Earned variable pay compensation targets are also established at the median of market.

Annual salary reviews are conducted and, at the discretion of the organization and within the overall budget approved by the Governance and Human Resources Committee of the Board, increases are administered on a merit basis with consideration to internal equity, external competitiveness (market data) and individual performance. In addition, TSSA adheres to the requirements of the *Pay Equity* Act. In reinforcing a performance culture and providing compensation that is competitive and appropriate for the organization, eligible employees must meet basic performance criteria in order to qualify for variable pay. Variable pay is awarded for exceeding key performance objectives.



TSSA'S SENIOR MANAGEMENT TEAM

Front Row (L to R)

Tom Ayres
Vice President and General Counsel

John Marshall
Director, Fuels Safety Program

Dave Lisle
Director, Public Relations and Communications

Mervel Byrd-Raynor
Vice President, Finance and CFO

Back Row (L to R)

Brenda Buchanan
Vice President, Administration and Customer Services

Roland Hadaller
Director, Elevating and Amusement Devices Safety Program

Kathy Milsom
President and CEO

Roy Martin
Director, Boilers and Pressure Vessels, and Operating Engineers Safety Program

David Scriven
Corporate Secretary

TSSA'S STATUTORY APPOINTMENTS

The individuals listed below are designated as Director or Chief Officer under Ontario's *Technical Standards and Safety Act, 2000* and/or specific regulations.

Roland Hadaller, PEng
Director
Technical Standards and Safety Act, 2000

Amusement Devices
Ontario Regulation 221/01

Certification and Training of Amusement Device Mechanics
Ontario Regulation 187/03

Elevating Devices
Ontario Regulation 209/01

Certification and Training of Elevating Device Mechanics
Ontario Regulation 222/01

John Marshall, BA, CIGC
Director
Technical Standards and Safety Act, 2000

Compressed Natural Gas
Ontario Regulation 214/01

Fuel Oil
Ontario Regulation 213/01

Gaseous Fuels
Ontario Regulation 212/01

Liquid Fuels
Ontario Regulation 217/01

Oil and Gas Pipeline Systems
Ontario Regulation 210/01

Propane Storage and Handling
Ontario Regulation 211/01

Fuel Industry Certificates
Ontario Regulation 215/01

Certification of Petroleum Equipment Mechanics
Ontario Regulation 216/01

Roy Martin, PEng., Designated Consulting Engineer, MBA
Director and Chief Officer
Technical Standards and Safety Act, 2000

Director
Boilers and Pressure Vessels
Ontario Regulation 220/01

John W.B. Coulter, C.E.T., TECH C.E.I.
Chief Officer
Operating Engineers
Ontario Regulation 219/01

Dara Vorkapic
Director
Technical Standards and Safety Act, 2000

Upholstered and Stuffed Articles
Ontario Regulation 218/01

INDUSTRY ADVISORY COUNCILS

TSSA is committed to meaningful, ongoing consultation with its stakeholders, and it benefits from the advice of 10 industry advisory councils. These councils and their chairs are listed below.

Denton Hoffman
Agriculture

Virginia Ludy
Amusement Devices

Peter Harschnitz
Boilers and Pressure Vessels

Jack Elias
Elevating Devices

Bill Vale
Natural Gas

Colin Andrews
Operating Engineers

Ken Jamieson
Liquid Fuels

David Karn
Propane

Bruce Haynes
Ski Lift

Lloyd Hall
Upholstered and Stuffed Articles

CONSUMERS ADVISORY COUNCIL

In addition, the Consumers Advisory Council provides input to TSSA concerning the public's perspective on safety associated with TSSA's business procedures and regulatory activities. During the fiscal year, this council continued to focus on two main aspects of its mandate: administrating and promoting a Safety Education Graduate Scholarship program, and membership recruitment.

The Safety Education Graduate Scholarship program is supported by TSSA's safety education fund, established in 1998, and receives funding primarily from two sources: administrative penalties imposed by TSSA, and by contributions matched by TSSA, from Consumers Advisory Council members and others. The council has responsibility for oversight of the fund. In fiscal year 2007/2008 the Consumers Advisory Council approved two awards under the Safety Education Graduate Scholarship program to students pursuing research in the field of human factors engineering with specific application in the amusement ride sector. A request for proposals seeking additional applicants for scholarships for post-graduate research focused on improving and expanding the public safety knowledge base, and ultimately benefiting TSSA's industry sectors is pending.

As a result of recruitment efforts during the fiscal year, three new members joined the council. Members continue their involvement in TSSA related activities through attendance in advisory council chairs' meetings and enhancing their role as providers of consumer perspectives to the industry advisory councils' deliberations.

Patricia Jensen (Chair)
Robert Brady
Mary Ferreira
Meeta Nanda
Elizabeth Nielsen
Matilda Presner
Elizabeth Virc
Kathryn Woodcock

More information regarding the advisory councils including executive summaries of meetings can be accessed through TSSA's website, www.tssa.org.

Corporate Balanced Scorecard Fiscal Year 2007/2008 – Performance Assessment

The following balanced scorecard provides year end results of the Technical Standards and Safety Authority's (TSSA's) performance against key performance indicators for the fiscal year 2007/2008.

MANDATE: POSITIVE SAFETY OUTCOMES – MINIMIZE SERIOUS INJURIES AND FATALITIES

ORGANIZATIONAL EXCELLENCE

INITIATIVES	KEY PERFORMANCE INDICATORS	PERFORMANCE RESULTS
Incident data integrity achieved with an error rate that is insignificant		
Validate incident data integrity for the Boilers and Pressure Vessels and Operating Engineers, Elevating and Amusement Devices, and Fuels Safety Programs through audit.	Incident data integrity with an error rate that is insignificant verified through audit.	Target achieved.
Establishment of innovative safety metric		
Develop a cross-program risk metric through: • external validation of the use of disability adjusted life years (DALY); and • an implementation strategy using DALY as a safety metric.	Metric established.	Target achieved. DALY metric established in Fuels, and Elevating and Amusement Devices Safety Programs.
Smart processes in place through business process review and re-engineering		
Re-engineer core regulatory compliance processes to generate safety outcomes and to support risk-informed decision-making (RIDM): • identify and develop metrics in two operational programs; and • incorporate RIDM elements into business process re-engineering. Develop metrics to track performance changes resulting from process changes.	Timely and reliable information used in decision-making.	Target achieved. Enhanced consolidated safety performance report established and used for decision-making as of the third quarter. The report includes a number of new metrics, including compliance rates for elevating devices and fuels licensed sites, which provide statutory directors with new decision-making inputs.
Implement new information system with re-engineered business processes in accordance with Board-approved work plan: • develop procedures and commence implementation of a three-year plan to cleanse and migrate non-incident data; and • conduct a pilot project for electronic archiving of Boilers and Pressure Vessels engineering documents.	Successful implementation of new information system in accordance with approved plan.	Target achieved.

MANDATE: POSITIVE SAFETY OUTCOMES – MINIMIZE SERIOUS INJURIES AND FATALITIES

ORGANIZATIONAL EXCELLENCE (CONTINUED)

INITIATIVES	KEY PERFORMANCE INDICATORS	PERFORMANCE RESULTS
Fiscal Responsibilities		
Enhance and maintain financial health through effective management to: • provide cost effective services; and • enhance and maintain liquidity through strong cash management.	$500,000 additional, positive sustainable savings by fiscal year end.	Target achieved, with $895,000 in positive sustainable savings.
	No net fee increases for existing services in any program area.	Target achieved.
	Current assets/liabilities maintained at or better than a one-to-one ratio.	Target achieved with a 3.6 to 1 ratio.

HIGH PERFORMING TEAM

INITIATIVES	KEY PERFORMANCE INDICATORS	PERFORMANCE RESULTS
Leadership excellence and results-driven corporate culture		
Develop management competency matrix and incorporate within the performance management system.	Performance management process updated to include competency matrix.	Target achieved.
Define core corporate values.	Core corporate values established.	Target achieved.
Skilled and trained resources to deliver both existing contracts and growth agenda		
Hire full complement of staff using enhanced recruitment processes and internships, where appropriate, to deliver both mandated and discretionary contracts. Review and implement compliance tools available to reduce the number of follow-up inspections and increase periodic inspections.	100% of the number of periodic inspections scheduled for the fiscal year is completed for the Boilers and Pressure Vessels and Operating Engineers, Elevating and Amusement Devices, and Fuels Safety Programs.	Target achieved.
Establish resourcing plans for Boilers and Pressure Vessels and Operating Engineers, Elevating and Amusement Devices, and Fuels Safety Programs.	Resourcing plans in place in the Boilers and Pressure Vessels and Operating Engineers, Elevating and Amusement Devices, and Fuels Safety Programs to support growth.	Target achieved.
Analyze quality audits for all programs to identify and implement enhancements to the engineering review and auditing processes.	Quality audits in place for engineering in the Boilers and Pressure Vessels and Operating Engineers (BPV/OE), Elevating and Amusement Devices (EDAD), and Fuels Safety Programs.	Target achieved. Audit results are: BPV/OE 96% EDAD 96% Fuels 94%

MANDATE: POSITIVE SAFETY OUTCOMES – MINIMIZE SERIOUS INJURIES AND FATALITIES

CUSTOMER RELATIONSHIP EXCELLENCE

INITIATIVES	KEY PERFORMANCE INDICATORS	PERFORMANCE RESULTS
Provide timely responsive service		
Implement technical enquiry process for all operational programs for customer contacts through corporate office. Develop and implement follow-up process and service levels for customer enquiries not resolved at first contact. Develop complaints and contact management process.	Satisfaction level of the Customer Contact Centre increased to 74%.	Target achieved. Survey results indicate a satisfaction level for the Customer Contact Centre of 75%.
Enhance public education and communication initiatives to general public (end users)		
Design public satisfaction research.	Complete inaugural public confidence survey and establish baseline for TSSA regulated sectors.	Target achieved.
Commence quantitative research on key drivers for public safety behaviours. Initiate a new focused Fuels Safety Program public awareness initiative. Design and implement enhanced stakeholder engagement strategy.	Commence public safety behaviour research.	Target achieved.

STRATEGIC GROWTH

INITIATIVES	KEY PERFORMANCE INDICATORS	PERFORMANCE RESULTS
Deliver Quality Assessed Facility program		
Roll-out program to additional market segments.	Contracts closed in two additional market segments.	Target not achieved.

FINANCIAL PERFORMANCE

INITIATIVES	KEY PERFORMANCE INDICATORS	PERFORMANCE RESULTS
Achieve financial targets		
	Achieve gross revenue of $42.62 million plus or minus 5% for MGCS contract business with a positive net margin (excluding strategic safety initiatives of $3.06 million).	Target achieved.
	Gross revenue of $3.72 million for non-MGCS contract related work.	Target not achieved.
	Net margin (excess) of $178,000 for non-MGCS contract related work.	Target not achieved.

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